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Brenthurst Wealth Management:

Daring to be different

Raising the bar in wealth creation

OVERVIEW

Changing the game and winning at it

The challenging investment environment forced the company to use daring strategies that paid off and propelled its growth

The team at Brenthurst Wealth Management is a daring bunch. To build a wealth manager in an industry as concentrated and competitive as SA's financial services sector, they have had to be.

"The investment environment, locally and globally, is more challenging than ever. In addition to being very competitive and highly regulated, the financial services industry has to be more vigilant than ever in its approach to wealth management," says Brenthurst Wealth MD and co-founder Brian Butchart.

Prior to changing its name, Magnus Heystek Investment Planning Services had a handful of clients. Today the company has six offices countrywide with 14 financial planners, close to 2,000 clients and is close to having R6bn under management. Brenthurst Wealth Management, established out of Magnus Heystek Investment Planning Services in 2004, has built a

What it means:
Creating wealth for clients through innovative strategies that brought industry recognition

Freddy Mavunda

Brian Butchart: Daring to be different sets business apart from competitors formidable brand.

Ranked the Best Boutique Wealth Manager in SA at the 2017 Intellidex Wealth Manager and Private Banks Awards, Brenthurst was also the only independent and founder-managed boutique named top five wealth manager overall, featured alongside the likes of PSG, Sanlam and Standard Bank.

"Brenthurst is focused on delivering quality and appropriate independent advice that will deliver the best outcome for its clients.

With no large institutional book of assets to defend, Brenthurst can be completely honest and select from a wide investment universe," Butchart says.

"This way we can structure clients' portfolios to their needs, as identified in terms of their personal financial plan and also based on their individual risk profiles."

The company consults economists and political analysts, among other sector experts, to form the Brenthurst "house-view", which informs how the company invests its clients' money.

While it tends to favour the well-known asset managers that have a proven track record, it does also use boutique asset managers that may offer something not offered by larger companies.

"We follow an extensive due diligence process before including a fund, asset manager or new platform to the range we offer. Markets, especially the local market, have been hit by all sorts of upheavals in the past five years and we constantly look for asset managers or platforms that can navigate these challenges to the benefit of clients," Butchart says.

"As part of our constant evaluation of investment options and the evolution of our service offering, Brenthurst recently launched a Fund of Funds range, managed in conjunction with Boutique Collective Investments (BCI).

"This enables us to offer clients tailored investment solutions. The range offers investors three funds: the Brenthurst BCI Balanced Fund of Funds, the Brenthurst BCI Cautious Fund of Funds and the Brenthurst BCI Worldwide Flexible Fund of Funds."

Magnus Heystek, cofounder, director and lead investment strategist at Brenthurst

The Brenthurst BCI Balanced Fund of Funds, which has a balanced investment exposure across multiple asset classes, aims to offer investors a moderate to high long-term total return.

The Cautious Fund of Funds is a cautious risk profile portfolio whose objective is to provide investors with a high level of income and capital stability.

The Worldwide Flexible Fund of Funds is a worldwide flexible portfolio with the objective of providing investors with a high long-term total return.

Switches within these funds do not attract capital gains tax and they also offer a solution for clients with a lower level of investable assets. Magnus Heystek, cofounder, director and lead investment strategist for Brenthurst, says the company thinks differently because it does not have historical ties.

"For example, while offshore investing has become somewhat of a topic *du jour* given the tight spot in which the country finds itself, Brenthurst has for years advocated a healthy exposure to offshore assets. SA is a small pond," says Heystek. "You've got to get into the bigger pond."

The success of this strategy has Brenthurst considering the possibility of opening an office in Mauritius, which could service existing SA investors and grow its market share beyond SA. x

OPERATIONS

Tailored solutions unique to each client

Independent and driven by quality service offering

● Unsurprisingly, Brenthurst Wealth prides itself on its independence. The fact that it can tailor solutions to meet the needs of individual clients and is not tied to particular product providers is something that it values, says Brenthurst Wealth MD Brian Butchart.

"I really do like the fact that we are independent. If I could only provide advice on a limited range of investment options, I don't think I would enjoy that," says Johan Burger, director and head of financial planning at the company's Pretoria branch.

Brenthurst does not demand that its financial planners meet certain targets each month, which has historically driven some of the poor selling practices that have given advisors a bad name. Rather, it focuses only on what is best for the client.

The company is also a fierce critic of outright scams. "It's not only the investments you make that are important, it's also the investments that you don't make," says Heystek. He refers to the likes of Sharemax, Leaderguard and even Bernie Madoff salesmen, who were eager for Brenthurst to market their products to its clients.

Needless to say, they — and many others who over the years have regaled Brenthurst with promises of sky-high commission — were shown the door. Clients were strongly discouraged from investing in any of these products.

While Brenthurst has historically attracted high net-worth individuals who demand face-to-face interaction with a financial advisor, it does not have a minimum threshold for investable assets. To service the lower end of the market it has developed an online portal, which is cost-effective and appropriate for certain clients. Offering solutions for younger clients further enables younger financial advisors to grow their assets under management.

"Unfortunately, independent companies of Brenthurst's ilk would be extremely difficult to start in today's regulated financial services sector where margins are squeezed and competition is fierce," says Burger.

"It's difficult for an independent financial advisor today to establish a book," says Heystek. "The previous generation of financial advisors capitalised their business on commission."

New entrants can no longer do this, which may well sound the death knell for independent financial advisors (IFAs). "IFAs will over time disappear and work for the big companies. About 12,000 IFAs quit last year. You can't make a living out of this anymore. You either have to gain a lot of traction very quickly or launch your own funds very quickly."

The issue of who is going to run the next generation of financial services practices worries Heystek, who says the average age of financial advisors is close to 60 years.

What of automated online financial advice, known as robo-advice? Burger is not convinced that it will entirely replace the human touch. Even the most successful of business people want an advisor to tell them what to do with their money. "That, in my opinion, will never change," he says.

While Brenthurst's Sonia du Plessis, a certified financial planner professional, says younger people may be groomed to go the way of the robo-advisor — and Brenthurst's online portal caters for this market — she believes there will always be a space for the provision of sound financial advice.

"It's difficult to put a price tag on the value that financial planners bring, whether it be from a tax or pension planning point of view or simply organising your financial affairs," says Burger.

Indeed, studies have found that those with financial advisors have higher levels of personal wealth. x

Johan Burger: Financial advisors remain an invaluable tool for growing personal wealth

BRAND BUILDING

Raising the marketing bar

Aggressive strategies have set the company apart from conventional wealth-management brands

Establishing a new company in SA's established financial services industry, where large companies with a wide range of products and services and well-recognised brands dominate, requires a strong marketing focus.

Magnus Heystek, co-founder, director and lead investment strategist for Brenthurst, developed a deep appreciation for this at the start of his career as a journalist.

From the beginning, Brenthurst has reinvested 10% of profit into marketing. "Coming from journalism, you know that a brand is vital and to build a brand takes a very long time, a lot of money and a lot of care," says Heystek. "In our business you are fighting very large companies with deep pockets."

A lot of the marketing initiatives and brand-building of the early days of Brenthurst were driven by Heystek himself. He was a pioneer in reporting on personal finance issues in *The Saturday Star* and later through a long-running radio show on Talk Radio 702. The programme was on air for 11 years and was the front-runner for the popular *The Money Show*, which continues to this day.

His controversial views and conviction that unscrupulous investment practices and misinformation must be highlighted in the best interest of consumers, is something he's known for. He is a popular guest every week on the public broadcaster station RSG's *Geldsake* show, produced and presented by the Moneyweb team.

Though he was the public face of Brenthurst in the early years, the company's marketing has expanded considerably to elevate the brand to the position it is in today, which saw it nab the Intellidex award for Best Boutique Wealth Manager in SA. The company has six offices countrywide.

"Our first additional office outside Johannesburg was set up in the Cape in Belville, followed by the opening of offices in Pretoria, Cape Town, Sandton and now also in Stellenbosch," says Butchart.

Brenthurst marketing director and co-founder Sue Heystek says client communication is a key component of the marketing mix to build the brand and strengthen client relationships.

"We have developed a comprehensive, integrated marketing strategy which includes direct communication to our database, events and seminars, advertising, public relations, sponsorships and social media. These are all equally important to build the brand," she says.

"Constant client communication provides clients a sense of comfort when markets are affected by upsets, such as the recent political issues we have experienced in SA — and around the world."

In addition to purely investment-related seminars, hosted in association with companies included on the Brenthurst platform — the likes of Investec, Stanlib and Counterpoint Asset Management — the company devised a seminar series known as SA Quo Vadis?, which provides attendees with a broader view of different issues affecting SA and how these affect the outlook for investments.

"We started these seminars because we thought that institutional economists were not telling the truth about what is going on in SA. They are under political pressure to sanitise what they say and not rock the boat. Meanwhile, we were looking at the stats and the stats weren't great," he says, referring to, the country's ballooning budget and current account deficits.

Brenthurst's road shows are always fully attended, says Paul Hansen, director of retail investing at Stanlib, who has presented at these events. "There is a buzz with Brenthurst. They attract new clients and people are drawn to them," says Hansen.

Brenthurst's weekly radio appearances are a huge strength. That they have offices in Gauteng and the Western Cape is unusual, says Hansen. "Their staff members have been amazingly consistent and have been with them for a long time."

Heystek has got strong opinions, is a deep thinker and a cautious investor for his clients.

Apart from the regular appearances, which include taking questions from listeners on RSG, the Brenthurst team has regular slots on other radio stations in the regions where it operates. In Pretoria, Burger is a regular commentator on PretoriaFM and in Cape Town, Butchart and Richus Nel present their investment insights on a weekly programme on Fine Music Radio. ✖

Road show: Constant client communication, such as this investment seminar held by Brenthurst and Moneyweb, provides clients with a sense of comfort


Sue Heystek: Brand promotion initiatives drive business mandate and identity

STAFF DEVELOPMENT

Investing in people to create wealth for others

Constant training, self-improvement and flexible operations have created a low staff turnover and formidable team

Providing employees with opportunities to grow and develop their careers is a cornerstone of the company's team approach. "We actively drive ongoing training and exposure to the latest investment thinking provided at industry seminars," says Brenthurst Wealth MD Brian Butchart.

Butchart is a product of this focus on the development of people. He joined Brenthurst Wealth, then Magnus Heystek Investment Planning Services, as a fresh-faced 19 year old in 1998. "When I started, I didn't know anything about the world, let alone financial planning," he says. He was studying at the then Randse Afrikaanse Universiteit (today the University of Johannesburg) at the time.

Witnessing staff development is something Heystek finds immensely satisfying. Almost none of Brenthurst's financial planners were certified financial planner (CFP) professionals when they joined the company. Today, eight of


Part of the dream team: Brenthurst Wealth Management's financial planner Sonia du Plessis with adminstrative assistants Celeste Phakathi and Karen Munodawafa at the company's offices in Fourways, Johannesburg

its 14 financial planners are CFP professionals. It also employs two qualified legal advisors and has four junior financial advisors who are studying towards attaining the CFP professional qualification.

Brenthurst has further developed an in-house training and development programme. The company's flexible staff policy encourages growth where an individual can study further for a qualification related to financial services that will benefit the business.

There is no glass ceiling or corporate red tape, says Sonia du Plessis, a CFP professional who has been with Brenthurst Wealth for 12 years. "As a mother, I appreciate the flexibility in the sense that, as long as we do what we are supposed to do, it doesn't matter where we work from."

Director and head of financial planning at the company's Pretoria branch, Johan Burger, says: "I was given the opportunity to run a branch as a 30-year old, which is not something that every company would do."

He recalls when he pitched the idea of starting an office in Pretoria. It has grown at a rapid pace over the ensuing seven years.

Celeste Phakathi, though not a financial planner, has also benefited from Brenthurst Wealth's commitment to investing in its people. Phakathi joined Heystek's earlier company 25 years ago as a catering assistant receiving clients visiting Brenthurst for meetings. Today she is the head of administration. "It's a very people-orientated business. The employees tend to stay with the company. There is opportunity for personal growth that in the end allows us to deliver superior service to clients," says Butchart. ✖

ADDED SERVICES

An all-inclusive wealth package

The comprehensive service offering enables the company to serve clients in every aspect of their personal finances

● Brenthurst Wealth offers clients a full suite of investment planning services, including retirement annuities, living annuities, discretionary investments and offshore investments. As part of its value-added services, it provides wills and estate planning, tax planning and life insurance.

"The comprehensive service offering allows us to serve clients in every aspect of their personal finances. For instance, tax regulations have changed often in recent years and will in all likelihood be changed further in years ahead. By having a tax advisory service we can review a client's overall financial plan and suggest possible changes to ensure that the client's needs are best served all of the time," says Brenthurst Wealth MD Brian Butchart. "Sometimes clients have a will in place but fail to make changes to their estate planning as their circumstances change. Because we offer everything, we protect our clients' interests."

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Brenthurst has undoubtedly done well for its clients, evidenced in its rapid growth and recent awards.

The results on which the Intellidex award is based stem from a questionnaire completed by institutions and their clients. Nearly 6,000 clients participated in the client survey in 2017, says Intellidex. Among the expert panel of judges, who ultimately selected the winners, were Prem Govender, former board member of the Financial Planning Institute (FPI) and financial analyst, Orin Tambo.

As another marker of its success, Brenthurst Wealth is one of only 12 financial advisory firms deemed an Approved Professional Practice by the FPI.

These practices "can boast that their financial planning practices and compliance management is of the highest standards", according to the FPI.

In order to receive this accolade, at least half of a practice's full-time financial advisors must be CFP professionals, with an additional 25% studying towards this or holding another FPI-approved designation.

Additional requirements include submitting a staff development plan outlining the commitment to train and qualify staff appropriately, as well as having a well-documented investment philosophy, a defined process for financial planning and a quality assurance function that ensures quality financial planning for clients.

This designation should give clients confidence that, when Brenthurst says in company brochures that its well-educated professional planners are committed to investment success and wealth creation, it means it. ✖

Time out: The entire Brenthurst team meets once a year for a strategy workshop, the company's annual excellence awards and teambuilding excercises away from the office

Dream chasers: Brenthurst cyclists participate in the 94.7 Cycle Challenge to raise awareness for the Reach for a Dream Foundation

CSI

Grooming future leaders

Corporate social investments are aimed at children, who are the future of any country's development

● Brenthurst's support for people goes beyond the company's employees and is demonstrated through various charitable projects and corporate social investment initiatives.

Cyclists at its Fourways office are members of the Nedbank Dream Riders team, participating in major races such as the 94.7 Cycle Challenge, raising awareness and funds for the Reach for a Dream Foundation. The company also supports Girls and Boys Town, and employees are enthusiastic individual supporters of the annual Santa Shoe Box project.

"We selected causes in support of children as they are the most vulnerable part of society. We have also started a project to raise funds for an employee whose baby has a rare disease. We hope to develop it into a larger initiative assisting more children," says Brenthurst marketing director Sue Heystek.

Brenthurst also provides running shoes and covers travel costs for a producer at Moneyweb Radio to participate in the annual Comrades marathon. It further donates gear for a cyclist who has overcome all manner of personal challenges to become a successful participant in major cycling events. **x**

BY THE NUMBERS

6 offices countrywide with 14 financial planners and close to 2,000 clients countrywide

8 of the company's financial planners are CFP professionals

Close to **R6bn** assets under management

Named **Best** Boutique Wealth Manager in SA at the 2017 Intellidex Wealth Manager and Private Banks Awards

● **The only independent and founder-managed boutique named top five wealth manager overall**

● **FPI-approved professional practice**

● **Company's three founders are still actively involved in overall management and investment strategy**

Special Report compiled by Hanna Ziady
Advertising executive: Debbie Montanari

For the children: Brenthurst employees are avid supporters of the Santa Shoe Box project, which distributes gift packs in shoe boxes to underpriviledged children in SA and Namibia